

To: Charles E Golden/AM/LLY@Lilly, Rebecca O Kendall/AM/LLY@Lilly

cc: Alecia A DeCoudreaux/AM/LLY@Lilly, James B Lootens/AM/LLY@Lilly,

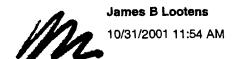
Bronwen Mantlo/AM/LLY@Lilly

Subject: Lilly stock sale by Ken Lay

Not for public consumption, but so that you know, Ken stated that he "needed a little liquidity", and given the way Enron stock has been pummeled [I think that was his word], he wasn't in a position to sell any Enron.

Jim

---- Forwarded by James B Lootens/AM/LLY on 10/31/2001 11:55 AM -----



To: Terra L Fox/AM/LLY@Lilly, Charles E Golden/AM/LLY@Lilly, Simon Harford/AM/LLY@Lilly, Craig A Hartman/AM/LLY@Lilly, Robert Lee Smith/AM/LLY@Lilly, Edward A West/AM/LLY@Lilly

cc: Alecia A DeCoudreaux/AM/LLY@Lilly, Rebecca O Kendall/AM/LLY@Lilly, James B Lootens/AM/LLY@Lilly, Bronwen Mantlo/AM/LLY@Lilly

Subject: Lilly stock sale by Ken Lay

A head's up. Ken Lay sold 10,000 shares of LLY today. He will be filing a Form 144 today reporting the sale.

He precleared this sale with us. (We reconfirmed that there are no new adverse developments on the FDA manufacturing and Xigris approval fronts before we said OK).

He had purchased 10,000 shares in February at approximately \$74. We think these are the shares he sold today. He still holds over 50,000 LLY shares. Bronwen can give you the number if you need it. (Bronwen, don't forget his deferred account has been growing all year)

If anyone asks why he sold, that question should be directed to Mr. Lay. I think we can say that even with this sale, Mr. Lay has a substantial -- and growing -- stake in Eli Lilly and Company of over XX,XXX shares.

Please let Bronwen or me knowif you have any questions.

Jim

GOVERNMENT
EXHIBIT
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